



House of Representatives

General Assembly

File No. 527

February Session, 2018

House Bill No. 5009

House of Representatives, April 17, 2018

The Committee on Finance, Revenue and Bonding reported through REP. ROJAS of the 9th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT EXEMPTING CAR WASH SERVICES FROM THE SALES TAX.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (37) of subsection (a) of section 12-407 of the
2 2018 supplement to the general statutes is repealed and the following
3 is substituted in lieu thereof (*Effective July 1, 2018, and applicable to sales*
4 *occurring on or after July 1, 2018*):

5 (37) "Services" for purposes of subdivision (2) of this subsection,
6 means:

7 (A) Computer and data processing services, including, but not
8 limited to, time, programming, code writing, modification of existing
9 programs, feasibility studies and installation and implementation of
10 software programs and systems even where such services are rendered
11 in connection with the development, creation or production of canned
12 or custom software or the license of custom software;

- 13 (B) Credit information and reporting services;
- 14 (C) Services by employment agencies and agencies providing
15 personnel services;
- 16 (D) Private investigation, protection, patrol work, watchman and
17 armored car services, exclusive of (i) services of off-duty police officers
18 and off-duty firefighters, and (ii) coin and currency services provided
19 to a financial services company by or through another financial
20 services company. For purposes of this subparagraph, "financial
21 services company" has the same meaning as provided under
22 subparagraphs (A) to (H), inclusive, of subdivision (6) of subsection (a)
23 of section 12-218b;
- 24 (E) Painting and lettering services;
- 25 (F) Photographic studio services;
- 26 (G) Telephone answering services;
- 27 (H) Stenographic services;
- 28 (I) Services to industrial, commercial or income-producing real
29 property, including, but not limited to, such services as management,
30 electrical, plumbing, painting and carpentry, provided
31 income-producing property shall not include property used
32 exclusively for residential purposes in which the owner resides and
33 which contains no more than three dwelling units, or a housing facility
34 for low and moderate income families and persons owned or operated
35 by a nonprofit housing organization, as defined in subdivision (29) of
36 section 12-412;
- 37 (J) Business analysis, management, management consulting and
38 public relations services, excluding (i) any environmental consulting
39 services, (ii) any training services provided by an institution of higher
40 education licensed or accredited by the Board of Regents for Higher
41 Education or Office of Higher Education pursuant to sections 10a-35a
42 and 10a-34, respectively, and (iii) on and after January 1, 1994, any

43 business analysis, management, management consulting and public
44 relations services when such services are rendered in connection with
45 an aircraft leased or owned by a certificated air carrier or in connection
46 with an aircraft which has a maximum certificated take-off weight of
47 six thousand pounds or more;

48 (K) Services providing "piped-in" music to business or professional
49 establishments;

50 (L) Flight instruction and chartering services by a certificated air
51 carrier on an aircraft, the use of which for such purposes, but for the
52 provisions of subdivision (4) of section 12-410 and subdivision (12) of
53 section 12-411, would be deemed a retail sale and a taxable storage or
54 use, respectively, of such aircraft by such carrier;

55 (M) Motor vehicle repair services, including any type of repair,
56 painting or replacement related to the body or any of the operating
57 parts of a motor vehicle;

58 (N) Motor vehicle parking, including the provision of space, other
59 than metered space, in a lot having thirty or more spaces, excluding (i)
60 space in a parking lot owned or leased under the terms of a lease of not
61 less than ten years' duration and operated by an employer for the
62 exclusive use of its employees, (ii) space in municipally operated
63 railroad parking facilities in municipalities located within an area of
64 the state designated as a severe nonattainment area for ozone under
65 the federal Clean Air Act or space in a railroad parking facility in a
66 municipality located within an area of the state designated as a severe
67 nonattainment area for ozone under the federal Clean Air Act owned
68 or operated by the state on or after April 1, 2000, (iii) space in a
69 seasonal parking lot provided by an entity subject to the exemption set
70 forth in subdivision (1) of section 12-412, and (iv) space in a
71 municipally owned parking lot;

72 (O) Radio or television repair services;

73 (P) Furniture reupholstering and repair services;

74 (Q) Repair services to any electrical or electronic device, including,
75 but not limited to, equipment used for purposes of refrigeration or
76 air-conditioning;

77 (R) Lobbying or consulting services for purposes of representing the
78 interests of a client in relation to the functions of any governmental
79 entity or instrumentality;

80 (S) Services of the agent of any person in relation to the sale of any
81 item of tangible personal property for such person, exclusive of the
82 services of a consignee selling works of art, as defined in subsection (b)
83 of section 12-376c, or articles of clothing or footwear intended to be
84 worn on or about the human body other than (i) any special clothing
85 or footwear primarily designed for athletic activity or protective use
86 and which is not normally worn except when used for the athletic
87 activity or protective use for which it was designed, and (ii) jewelry,
88 handbags, luggage, umbrellas, wallets, watches and similar items
89 carried on or about the human body but not worn on the body, under
90 consignment, exclusive of services provided by an auctioneer;

91 (T) Locksmith services;

92 (U) Advertising or public relations services, including layout, art
93 direction, graphic design, mechanical preparation or production
94 supervision, not related to the development of media advertising or
95 cooperative direct mail advertising;

96 (V) Landscaping and horticulture services;

97 (W) Window cleaning services;

98 (X) Maintenance services;

99 (Y) Janitorial services;

100 (Z) Exterminating services;

101 (AA) Swimming pool cleaning and maintenance services;

102 (BB) Miscellaneous personal services included in industry group 729
103 in the Standard Industrial Classification Manual, United States Office
104 of Management and Budget, 1987 edition, or U.S. industry 532220,
105 812191, 812199 or 812990 in the North American Industrial
106 Classification System United States Manual, United States Office of
107 Management and Budget, 1997 edition, exclusive of (i) services
108 rendered by massage therapists licensed pursuant to chapter 384a, and
109 (ii) services rendered by an electrologist licensed pursuant to chapter
110 388;

111 (CC) Any repair or maintenance service to any item of tangible
112 personal property including any contract of warranty or service related
113 to any such item;

114 (DD) Business analysis, management or managing consulting
115 services rendered by a general partner, or an affiliate thereof, to a
116 limited partnership, provided (i) the general partner, or an affiliate
117 thereof, is compensated for the rendition of such services other than
118 through a distributive share of partnership profits or an annual
119 percentage of partnership capital or assets established in the limited
120 partnership's offering statement, and (ii) the general partner, or an
121 affiliate thereof, offers such services to others, including any other
122 partnership. As used in this subparagraph "an affiliate of a general
123 partner" means an entity which is directly or indirectly owned fifty per
124 cent or more in common with a general partner;

125 (EE) Notwithstanding the provisions of section 12-412, except
126 subdivision (87) of said section 12-412, patient care services, as defined
127 in subdivision (29) of this subsection by a hospital, except that "sale"
128 and "selling" does not include such patient care services for which
129 payment is received by the hospital during the period commencing
130 July 1, 2001, and ending June 30, 2003;

131 (FF) Health and athletic club services, exclusive of (i) any such
132 services provided without any additional charge which are included in
133 any dues or initiation fees paid to any such club, which dues or fees
134 are subject to tax under section 12-543, and (ii) any such services

135 provided by a municipality or an organization that is described in
136 Section 501(c) of the Internal Revenue Code of 1986, or any subsequent
137 corresponding internal revenue code of the United States, as from time
138 to time amended;

139 (GG) Motor vehicle storage services, including storage of motor
140 homes, campers and camp trailers, other than the furnishing of space
141 as described in subparagraph (P) of subdivision (2) of this subsection;

142 (HH) Packing and crating services, other than those provided in
143 connection with the sale of tangible personal property by the retailer of
144 such property;

145 (II) Motor vehicle towing and road services, other than motor
146 vehicle repair services;

147 (JJ) Intrastate transportation services provided by livery services,
148 including limousines, community cars or vans, with a driver. Intrastate
149 transportation services shall not include transportation by taxicab,
150 motor bus, ambulance or ambulette, scheduled public transportation,
151 nonemergency medical transportation provided under the Medicaid
152 program, paratransit services provided by agreement or arrangement
153 with the state or any political subdivision of the state, dial-a-ride
154 services or services provided in connection with funerals;

155 (KK) Pet grooming and pet boarding services, except if such services
156 are provided as an integral part of professional veterinary services,
157 and pet obedience services;

158 (LL) Services in connection with a cosmetic medical procedure. For
159 purposes of this subparagraph, "cosmetic medical procedure" means
160 any medical procedure performed on an individual that is directed at
161 improving the individual's appearance and that does not meaningfully
162 promote the proper function of the body or prevent or treat illness or
163 disease. "Cosmetic medical procedure" includes, but is not limited to,
164 cosmetic surgery, hair transplants, cosmetic injections, cosmetic soft
165 tissue fillers, dermabrasion and chemical peel, laser hair removal, laser

166 skin resurfacing, laser treatment of leg veins and sclerotherapy.
167 "Cosmetic medical procedure" does not include reconstructive surgery.
168 "Reconstructive surgery" includes any surgery performed on abnormal
169 structures caused by or related to congenital defects, developmental
170 abnormalities, trauma, infection, tumors or disease, including
171 procedures to improve function or give a more normal appearance;

172 (MM) Manicure services, pedicure services and all other nail
173 services, regardless of where performed, including airbrushing, fills,
174 full sets, nail sculpting, paraffin treatments and polishes; and

175 (NN) Spa services, regardless of where performed, including body
176 waxing and wraps, peels, scrubs and facials. [; and

177 (OO) Car wash services, including coin-operated car washes.]

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2018, and applicable to sales occurring on or after July 1, 2018</i>	12-407(a)(37)

FIN *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 19 \$	FY 20 \$
Department of Revenue Services	Various - Revenue Loss	6.8 million	6.8 million

Note: Various=Various

Municipal Impact: None

Explanation

The bill results in a revenue loss of \$6.8 million annually to various funds by exempting all car wash services from the sales and use tax.

As current law requires a diversion of a portion of the sales tax generated into (1) the Special Transportation Fund and (2) the Municipal Revenue Sharing Account beginning in FY 20, these funds will be impacted as well as the General Fund.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**HB 5009*****AN ACT EXEMPTING CAR WASH SERVICES FROM THE SALES TAX.*****SUMMARY**

This bill exempts car wash services, including coin-operated car washes, from sales and use tax.

EFFECTIVE DATE: July 1, 2018, and applicable to sales occurring on or after that date.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 51 Nay 0 (04/05/2018)